

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
Second Regular Session  
2004

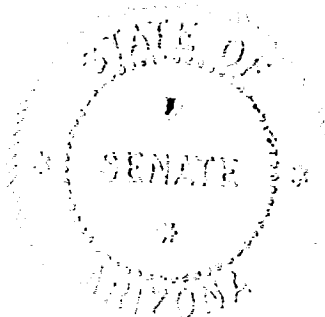
CHAPTER 255

# HOUSE BILL 2238

AN ACT

AMENDING SECTIONS 28-2091, 28-2092 AND 28-2165, ARIZONA REVISED STATUTES;  
RELATING TO SALVAGE, SEIZURE AND DISMANTLING OF VEHICLES.

(TEXT OF BILL BEGINS ON NEXT PAGE)



Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 28-2091, Arizona Revised Statutes, is amended to read:

28-2091. Salvage certificate of title; nonrepairable vehicle certificate of title; recovered vehicles; violation; classification; definitions

A. If a vehicle that is subject to titling or registration pursuant to this chapter becomes a salvage vehicle or nonrepairable vehicle and is acquired by an insurance company as a result of a total loss insurance settlement, the insurance company or its authorized agent shall submit an application to the department within thirty days after the title is properly assigned by the owner to the insurance company, with all liens released, on a form prescribed by the department for a salvage certificate of title or nonrepairable vehicle certificate of title and include the following:

1. A properly endorsed certificate of title.

2. A lien satisfaction, if applicable.

3. The registration card.

4. The license plates, if the license plates are not retained pursuant to section 28-2356 or an affidavit of license plate destruction is not submitted.

5. The appropriate fees.

B. If the registration card or license plate is lost or destroyed, the applicant shall state in a form prescribed by the department, under penalty of perjury, the circumstances of the loss or destruction.

C. Except for vehicles registered pursuant to section 28-2482, 28-2483 or 28-2484, if the owner retains possession of a salvage vehicle or nonrepairable vehicle, the owner shall comply with this section before receiving a total loss settlement from the insurance company or otherwise disposing of the vehicle.

D. Any other owner of a vehicle that is a salvage vehicle or nonrepairable vehicle shall apply for a salvage certificate of title or nonrepairable vehicle certificate of title pursuant to this section.

E. On receipt of a proper application, the department shall issue a salvage certificate of title or nonrepairable vehicle certificate of title for the vehicle.

F. If the department issues a nonrepairable vehicle certificate of title for a vehicle, the registration of the vehicle is cancelled. The front of a nonrepairable vehicle certificate of title shall be branded with the word "nonrepairable". The ownership of a vehicle for which a nonrepairable vehicle certificate of title has been issued shall not be reassigned more than two times on that certificate of title. If a nonrepairable vehicle certificate of title is issued for a vehicle, the department shall not issue any further certificate of title for that vehicle.

G. An owner of a vehicle that is not a salvage vehicle who sells the vehicle as scrap or for purposes of dismantling or destroying shall assign

1 the certificate of title to the purchaser, and the purchaser shall comply  
2 with section 28-2094.

3 H. On sale of the vehicle, an owner of a salvage vehicle for which a  
4 salvage certificate of title has been obtained or an owner of a nonrepairable  
5 vehicle for which a nonrepairable vehicle certificate of title has been  
6 obtained shall assign and deliver the salvage certificate of title or  
7 nonrepairable vehicle certificate of title to the purchaser and shall notify  
8 the department of the name and address of the purchaser.

9 I. Except as provided in subsection L of this section, the department  
10 shall issue a certificate of title to a vehicle that has been issued a  
11 salvage certificate of title as a result of a total loss settlement by reason  
12 of theft if the vehicle is recovered and was not wrecked or stripped of  
13 essential parts and the insurance company or its authorized agent submits an  
14 affidavit to the department in a form prescribed by the department stating  
15 either of the following:

16 1. The vehicle is a recovered theft and both of the following:

17 (a) The vehicle was not wrecked or stripped of essential parts.

18 (b) To the insurance company's or its authorized agent's actual  
19 knowledge, no air bag or component part necessary to the proper function of  
20 the air bag system deployed in the vehicle or was removed from the vehicle.

21 2. The vehicle is a recovered theft and, to the insurance company's  
22 or its authorized agent's actual knowledge, an air bag or an air bag module  
23 deployed in the vehicle or was removed from the vehicle. The insurance  
24 company or its authorized agent shall list the location in the vehicle of  
25 each deployment or removal of an air bag or an air bag module.

26 J. On receipt of an affidavit submitted pursuant to subsection I,  
27 paragraph 2 of this section, the department shall mark its records to  
28 indicate the deployment or removal of the air bag or air bag module from the  
29 vehicle and the location of each deployment or removal.

30 K. The insurance company or its authorized agent shall give the  
31 purchaser of a vehicle that is a recovered theft, as described in subsection  
32 I of this section, a copy of the affidavit submitted pursuant to subsection  
33 I of this section.

34 L. If the vehicle is a recovered theft and components of the vehicle's  
35 air bag system, other than the air bag or the air bag module described in  
36 subsection I, paragraph 2 of this section, or other parts of the vehicle were  
37 removed compromising the functional integrity of the air bag system or the  
38 structural integrity of the vehicle, the insurance company or its authorized  
39 agent shall submit an affidavit to the department in a form prescribed by the  
40 department stating that the vehicle is a recovered theft and that components  
41 of the vehicle's air bag system, other than the air bag or the air bag module  
42 described in subsection I, paragraph 2 of this section, or other parts of the  
43 vehicle were removed compromising the functional integrity of the air bag  
44 system or the structural integrity of the vehicle. The department shall not  
45 issue a certificate of title to the vehicle but may issue a restored salvage

1 certificate of title pursuant to section 28-2095 if all of the following  
2 apply:

3 1. The vehicle is repairable.  
4 2. The department successfully completes a level three inspection as  
5 prescribed in section 28-2011.

6 3. The vehicle meets other requirements the director prescribes.

7 M. Except as provided in subsection N of this section, any person who  
8 sells a vehicle that is issued a certificate of title pursuant to subsection  
9 I of this section and who has actual knowledge that an air bag, an air bag  
10 module or components of the vehicle's air bag system compromising the  
11 functional integrity of the air bag system deployed or were removed from the  
12 vehicle shall not fail to disclose the deployment or removal to the buyer  
13 before completion of the sale with the intention of concealing the deployment  
14 or removal. A person who violates this subsection is guilty of a class 1  
15 misdemeanor.

16 N. Subsection M of this section does not apply to either of the  
17 following:

18 1. An insurance company or its authorized agent who issues an  
19 affidavit pursuant to subsection I of this section unless the insurance  
20 company or its authorized agent intentionally fails to disclose the  
21 deployment or removal of an air bag, an air bag module or components of the  
22 vehicle's air bag system that compromise the functional integrity of the air  
23 bag system.

24 2. A person who owns a vehicle that is issued a certificate of title  
25 pursuant to subsection I of this section if the person repairs or replaces  
26 the air bag or air bag module in the vehicle.

27 O. Any person who sells a vehicle for which a salvage certificate of  
28 title has been issued and who knows a salvage certificate of title has been  
29 issued for the vehicle shall disclose to the buyer before completion of the  
30 sale that the vehicle is a salvage vehicle.

31 P. If a vehicle that is titled as a salvage vehicle is to be scrapped,  
32 dismantled or destroyed, the owner or purchaser shall comply with section  
33 28-2094.

34 Q. The provisions of this chapter that refer to titles apply to  
35 salvage certificates of title and nonrepairable vehicle certificates of title  
36 issued pursuant to this section unless they conflict with this section.

37 R. If a component part of a vehicle on which the vehicle  
38 identification number is affixed is to be replaced and if the vehicle is  
39 being repaired by a person other than its owner, the person shall notify the  
40 owner in writing and in the manner prescribed by the department that the part  
41 has been replaced, and the owner shall comply with section 28-2165. THIS  
42 SUBSECTION DOES NOT APPLY IF THE DEPARTMENT HAS NOT ISSUED A SALVAGE  
43 CERTIFICATE OF TITLE OR A NONREPAIRABLE CERTIFICATE OF TITLE AND IF THE  
44 VEHICLE MANUFACTURER OR THE MANUFACTURER'S AUTHORIZED AGENT MEETS ALL OF THE  
45 FOLLOWING CONDITIONS:

- 1           1. THE FRAME IS THE COMPONENT PART REPLACED.
- 2           2. THE FRAME REPLACEMENT IS PERFORMED BY THE VEHICLE MANUFACTURER.
- 3           3. IF THE ORIGINAL FRAME CONTAINED A VEHICLE IDENTIFICATION NUMBER OR
- 4 SERIAL NUMBER, THE ORIGINAL VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER,
- 5 IN A SIMILAR SIZE AND STYLE, IS RESTAMPED IN THE REPLACEMENT FRAME BY THE
- 6 MANUFACTURER OR THE MANUFACTURER'S AUTHORIZED AGENT.
- 7           4. ANY EXISTING MANUFACTURER WARRANTIES REMAINING ON THE VEHICLE ARE
- 8 NOT VOIDED.
- 9           5. THE MANUFACTURER OR THE MANUFACTURER'S AUTHORIZED AGENT OBLITERATES
- 10 ALL VEHICLE IDENTIFICATION NUMBERS OR SERIAL NUMBERS CONTAINED ON THE
- 11 ORIGINAL FRAME.
- 12           5. Except as otherwise provided, a person who violates this section
- 13 is guilty of a class 2 misdemeanor.
- 14           T. For the purposes of this section:
- 15           1. "Essential parts" means integral and body parts, the removal,
- 16 alteration or substitution of which will tend to conceal the identity or
- 17 substantially alter the appearance of the vehicle.
- 18           2. "Nonrepairable vehicle" means a vehicle of a type that is otherwise
- 19 subject to titling and registration pursuant to this chapter and that either:
- 20           (a) Has no resale value except as a source of parts or scrap metal and
- 21 the owner or insurer designates the vehicle solely as a source of parts or
- 22 scrap metal.
- 23           (b) Is a completely stripped vehicle that is recovered from theft and
- 24 that is missing the engine or motor, the transmission, all of the bolt-on
- 25 sheet metal body panels, all of the doors and hatches, substantially all of
- 26 the interior components and substantially all of the grill and light
- 27 assemblies or that the owner designates has little or no resale value except
- 28 its worth as a source of scrap metal or as a source of a vehicle
- 29 identification number that could be used illegally.
- 30           (c) Is a completely burned vehicle that has been burned to the extent
- 31 that there are no usable or repairable body or interior components, tires and
- 32 wheels, engine or motor or transmission and that the owner irreversibly
- 33 designates as having little or no resale value except as a source of scrap
- 34 metal or as a source of a vehicle identification number that could be used
- 35 illegally.
- 36           3. "Nonrepairable vehicle certificate of title" means a vehicle
- 37 ownership document issued to the owner of a nonrepairable vehicle.
- 38           4. "Salvage vehicle" means a vehicle, other than a nonrepairable
- 39 vehicle, of a type that is subject to titling and registration pursuant to
- 40 this chapter and that has been stolen, wrecked, destroyed, flood or water
- 41 damaged or otherwise damaged to the extent that the owner, leasing company,
- 42 financial institution or insurance company considers it uneconomical to
- 43 repair the vehicle.

1       Sec. 2. Section 28-2092, Arizona Revised Statutes, is amended to read:  
2       28-2092. Vehicle seizure

3       Employees of the department and peace officers, as defined by section  
4 1-215, may seize a vehicle:

5       1. From which the serial or other identification number or mark is  
6 removed, defaced, obliterated or changed, ~~if~~ UNLESS EITHER OF THE FOLLOWING:

7       (a) An application has not been made to the department as provided in  
8 this article.

9       (b) ALL OF THE CONDITIONS PRESCRIBED IN PARAGRAPH 5 OF THIS SECTION  
10 ARE MET.

11       2. For which the registration or license plates are fictitious.

12       3. That is being dismantled, scrapped or destroyed by a person who  
13 does not have a dismantle certificate of title, nonrepairable vehicle  
14 certificate of title or salvage certificate of title issued to the person or  
15 if an application for any of those certificates of title has not been made.

16       4. If it is a salvage vehicle that is being reconstructed or repaired  
17 by a person who does not have in the person's possession a salvage  
18 certificate of title in the person's name or assigned to the person or a work  
19 or repair order signed by the owner or agent of the vehicle.

20       5. THE VEHICLE IS NOT A SALVAGE VEHICLE AND THE DEPARTMENT HAS NOT  
21 ISSUED A SALVAGE CERTIFICATE OF TITLE OR A NONREPAIRABLE CERTIFICATE OF  
22 TITLE, AND ALL OF THE FOLLOWING APPLY:

23       (a) THE FRAME OF THE VEHICLE IS THE COMPONENT PART REPLACED.

24       (b) THE FRAME REPLACEMENT IS PERFORMED BY THE MANUFACTURER OR THE  
25 MANUFACTURER'S AUTHORIZED AGENT.

26       (c) IF THE ORIGINAL FRAME CONTAINED A VEHICLE IDENTIFICATION NUMBER  
27 OR SERIAL NUMBER, THE ORIGINAL VEHICLE IDENTIFICATION NUMBER OR SERIAL  
28 NUMBER, IN A SIMILAR SIZE AND STYLE, IS RESTAMPED IN THE REPLACEMENT FRAME  
29 BY THE MANUFACTURER OR THE MANUFACTURER'S AUTHORIZED AGENT.

30       (d) ANY EXISTING MANUFACTURER'S WARRANTY REMAINING ON THE VEHICLE HAS  
31 NOT BEEN VOIDED.

32       (e) THE MANUFACTURER OR THE MANUFACTURER'S AUTHORIZED AGENT  
33 OBLITERATES ALL VEHICLE IDENTIFICATION NUMBERS OR SERIAL NUMBERS CONTAINED  
34 ON THE ORIGINAL FRAME.

35       (f) NOTIFICATION OF THE FRAME REPLACEMENT IS ENTERED ONTO THE NATIONAL  
36 INSURANCE CRIME BUREAU DATABASE.

37       Sec. 3. Section 28-2165, Arizona Revised Statutes, is amended to read:  
38 28-2165. Special serial or identification number

39       A. If the manufacturer's serial or other identifying number of a motor  
40 vehicle, trailer or semitrailer is altered, removed, obliterated, defaced,  
41 omitted or otherwise missing or if the original manufacturer's serial or  
42 identification number on a major component part of a motor vehicle can be  
43 permanently restored after having been removed, defaced, altered or  
44 destroyed, the owner at the time of application for registration or titling  
45 of the vehicle shall file an application with the department, on a form the

1 department provides, that contains facts and information required by the  
2 director for the assignment of a special serial or identifying number.

3 B. The form prescribed by subsection A OF THIS SECTION shall require,  
4 at a minimum, both of the following:

5 1. A sworn statement by the owner that the owner is the lawful owner  
6 of the vehicle and that sets forth the basis for the claim of ownership,  
7 including documentation such as purchase contracts, bills of sale, invoices  
8 and receipts for the original vehicle and any replacement parts that replaced  
9 damaged portions of the original vehicle that bore original manufacturer's  
10 serial or identification numbers.

11 2. A copy of police or law enforcement agency reports documenting the  
12 theft and recovery of the vehicle, a copy of a police or law enforcement  
13 agency accident report documenting the extent of damage to the vehicle, a  
14 certified copy of documents from an insurance company documenting the precise  
15 nature, extent and dollar amount of damage to the vehicle or a sworn  
16 statement by the owner, including full and complete supporting documentation,  
17 establishing the origin of the vehicle and each major component part of the  
18 vehicle.

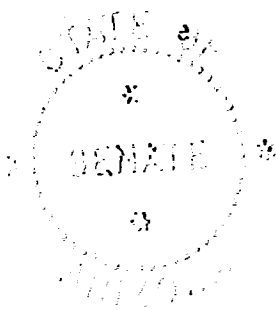
19 C. If the director is satisfied that the applicant has provided the  
20 documentation required by this section and that the applicant is entitled to  
21 assignment of a special serial or identification number, the director shall  
22 designate the serial number and note it on the application, on a suitable  
23 record of the department and on the authorization of use of the number.

24 D. The director shall furnish to the applicant a serial plate together  
25 with the authorization of use that shall be immediately delivered to a  
26 department inspector or agent who shall permanently attach the serial plate  
27 to the item in a conspicuous position and certify the attachment on the  
28 authorization of use. After attachment and certification, the plate is the  
29 lawful serial or identification number and shall remain on the item during  
30 its existence.

31 E. SUBSECTION A OF THIS SECTION DOES NOT APPLY IF THE PROVISIONS OF  
32 SECTION 28-2092, PARAGRAPH 5 ARE MET.

APPROVED BY THE GOVERNOR MAY 20, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 20, 2004.



Passed the House March 11, 2004,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting

Jake Flake  
Speaker of the House

Norman L. Moore  
Chief Clerk of the House

Passed the Senate May 11, 2004

by the following vote: 27 Ayes,

0 Nays, 3 Not Voting

Ken Blumenthal  
President of the Senate

Charmine Bellington  
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

H.B. 2238

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State



HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

May 17, 2004,

by the following vote: 53 Ayes,

0 Nays, 7 Not Voting

Blake Blake  
Speaker of the House  
Norman L. Moore  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

17<sup>th</sup> day of May, 2004

at 1:46 o'clock P. M.

Winnifer Uparra  
Secretary to the Governor

Approved this 20 day of

May, 2004,

at 2<sup>00</sup> o'clock P. M.

Jan N. ...  
Governor of Arizona

H.B. 2238

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of May, 2004,

at 4:21 o'clock P. M.

Janice L. Brewer  
Secretary of State